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Governor Daugaard Vetoes HB1192

PIERRE, S.D. – Gov. Dennis Daugaard has vetoed the following bill:

HB1192 – An Act to increase certain registration fees for the use of motor vehicles on the public highways.

For more information about this and other bills, please visit www.legis.state.sd.us

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Note: A copy of Governor Daugaard's veto message follows.

March 9, 2011

The Honorable Val Rausch
Speaker of the House of Representatives
500 East Capitol Avenue
Pierre, SD 57501-5070

Dear Mr. Speaker and Members of the House of Representatives:

I respectfully return to you House Bill 1192 with my VETO.

House Bill 1192 is entitled, "An Act to increase certain registration fees for the use of motor vehicles on the public highways."

I oppose raising taxes. As our economy emerges from a serious worldwide recession, we cannot afford to increase taxes and put additional costs on businesses and families. Although HB 1192 increases vehicle license registration "fees," and does not raise taxes per se, it implements a very broad-based fee increase of more than \$30 million that will impact almost every South Dakotan. Now is not the time to impose this increase.

Counties and townships have other options to generate revenue for roads. They can generate revenue with a property tax "opt out." Rather than forcing a statewide increase in registration fees, counties and townships who need additional revenue can go to their voters and make use of this option.

In addition, most counties have not yet exercised their option to generate revenue by implementing their full wheel tax to the \$4 per wheel allowed. At this time, 27 counties have implemented the maximum \$4 per wheel tax. Twelve counties have a \$2 wheel tax and 23 counties have no wheel tax at all. Two counties have a variable rate depending on the weight class (ranges from \$2 to \$4).

The time may come when the state will need to comprehensively reevaluate funding of our transportation system. I understand that South Dakota faces challenges in infrastructure funding and that we need to consider a realistic long-term solution. However, we cannot do this while there is still great uncertainty in the future of federal highway funding. Until Congress reauthorizes the federal highway bill, we cannot evaluate with certainty the need for further support at the state and local level.

Another factor to consider is the great deal of uncertainty in the future for federal highway funding. The President released his proposed transportation budget a little over a week ago and we do not know what the future federal funding will be. Federal funding will impact the amount of need on the county roads. Before passing significant fee increases during a recession, I urge you to wait until we can determine with some certainty the level of federal assistance counties and the state can anticipate and thus the remaining amount of need to be met by the state as a whole to take care of all public roads in South Dakota instead of just a portion of them.

Respectfully submitted,

Dennis Daugaard
Governor

cc: The Honorable Matt Michaels
The Honorable Jason Gant